

# **Warwick District Council**

## **Covid-19 Discretionary Business Grant Policy**

**June 2020**

# Contents

# Page

1. Introduction.....	3
2. Aim of this Policy.....	4
3. Administration of the Discretionary Grant Scheme.....	5
4. Eligibility criteria for the Discretionary Grant Scheme.....	5
5. Businesses that will be supported under the Discretionary Scheme.....	6
6. National priority businesses.....	8
7. Amount of individual grants to businesses.....	9
8. Application Process.....	9
9. State Aid.....	10
10. Tax.....	10
11. Managing the risk of fraud.....	10
12. Appendix A, State Aid Declaration.....	11

# 1. Introduction

- 1.1 In response to the COVID-19 pandemic, the Government has announced a package of business support aimed at providing (amongst other measures) financial assistance in the form of grants.
- 1.2 Up to now, the grant payments have been aimed at small businesses which are subject to Small Business Rate Relief (SBRR), and also businesses in the retail, hospitality and leisure sectors with a rateable value of up to £51,000. The qualifying criteria for the first set of grants was specific and those payments have now largely been administered to the businesses that qualify.
- 1.3 On 1<sup>st</sup> May 2020, the Government announced a new financial grant package, to be administered at local authority level, with grants to be paid on a discretionary basis, but within national qualifying criteria which the Government have stipulated.
- 1.4 The Government has provided written guidance to Local Authorities on the requirements of the Discretionary Grants Scheme. Links to that guidance are included later in this policy.
- 1.5 This additional fund is aimed at small businesses that are not eligible for the Small Business Grant or the Retail, Leisure and Hospitality Grant.

## 2. Aim of this Policy

- 2.1 This policy sets out the approach that will be taken by Warwick District Council in relation to the Discretionary Business Grants Scheme. It aims to support qualifying local businesses that are struggling with the current COVID-19 global pandemic.
- 2.2 The Policy seeks to provide a clear set of guidance to potential applicants about the nature of the fund, the eligibility criteria, the types of businesses that this scheme is designed to assist and the levels of grant funding that will be available.
- 2.3 This policy should be read in conjunction with the Government Guidance which has been issued to all local authorities in order to enable them to develop their local Discretionary Grant Schemes.
- 2.4 The Government Guidance document can be found using the following web-link;

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

### 3. Administration of the Discretionary Grants Scheme

- 3.1 Warwick District Council is responsible for administering the Discretionary Grant Scheme to eligible businesses within its geographical boundary.
- 3.2 The Government have set a limit of 5% of the total allocation that was provided to each council in respect of the Small Business Grant fund and the Retail, Hospitality and Leisure Grant fund.
- 3.3 For Warwick District Council the total Discretionary Grant fund amounts to £1,738,000.
- 3.4 Warwick District Council has developed this policy, based on the Government Guidance, with the required eligibility criteria and priority businesses to support, within the funding envelope provided.
- 3.5 Warwick District Council will limit the total amount of awards granted under the Discretionary Grants Scheme to the limit of funding that has been provided by Central Government.
- 3.6 Once the above limit has been reached, there can be no further payments made to businesses under this Discretionary Grant Scheme, whether or not they meet the eligibility criteria set out in this policy document.

### 4. Eligibility criteria for the Discretionary Grant Scheme

The Government has provided national criteria around eligibility for the Discretionary Grant Scheme,

#### 4.1 **Ineligible businesses:**

Businesses are **NOT** eligible to apply for a Discretionary Grant if they have received, or are entitled to, cash grants from any central government COVID-related scheme. Such grant schemes include but are not limited to:

- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant
- The Fisheries Response Fund
- Domestic Seafood Supply Scheme (DSSS).
- The Zoos Support Fund
- The Dairy Hardship Fund

#### 4.2 **Eligible businesses;**

- Businesses that have applied for the Coronavirus Job Retention Scheme (the so called furlough scheme) **are** eligible to apply for a grant under this scheme.

- Businesses that are eligible for the Self-Employed Income Support Scheme (SEISS) **are** eligible to apply for a grant under this scheme as well.
  - Businesses must have been trading on 11 March 2020 to be eligible to apply for a grant under the Discretionary Grants Scheme.
- 4.3 The Council will need to see proof that any business making an application was trading on the 11<sup>th</sup> March 2020 and as such was **NOT** in administration, insolvent or where a striking off notice has been made
- 4.4 Applicants to this scheme will be required to declare that they meet the above eligibility criteria. Cross checks will be made to identify if applicants have already received a payment under any of the cash grants mentioned above.

## 5. Businesses that will be supported under the Discretionary Scheme

5.1 The Government has recommended that Discretionary Grants should be aimed predominantly and primarily at the following types of businesses;

- **Small businesses** - (defined in the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.)

To qualify as a small business, applicants must demonstrate **at least two** of the following criteria in a year:

Turnover: Not more than £10.2 million

Balance sheet total: Not more than £5.1 million

Number of employees: a headcount of staff of less than 50

- **Micro businesses** – again as defined in the above mentioned legislation.

To qualify as a micro-business, applicants must satisfy **at least two** of the following criteria:

Turnover: Not more than £632,000

Balance sheet total: Not more than £316,000

Number of employees: a headcount of staff of not more than 10

5.2 Businesses applying for a grant under this scheme will fall into one of the above criteria.

5.3 In **addition** to the above, businesses applying for a grant under this scheme must demonstrate **ALL** of the following criteria

- **Businesses must demonstrate that they have relatively high ongoing fixed property-related costs, in comparison to the overall income to the business.**

Fixed building costs include payments made by a business in relation to rent, lease, mortgage or licences in relation to business premises.

These payments must represent a high proportion of costs (at least 30%) incurred in relation to the overall income to the business, and;

These fixed costs must be unavoidable and ongoing.

- **Businesses must demonstrate that they have suffered a significant fall in income directly due to the COVID-19 crisis**

Businesses applying for a payment of a Discretionary Grant will need to provide evidence of how their business has experienced a significant fall in income which is related exclusively to the COVID-19 pandemic

- **Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.**

This is one of the key criteria of the Government guidance in relation to the Discretionary Grants Scheme. However, we recognise that some businesses will occupy a premises with an overall rateable value of over £51,000 and who make a payment towards the business rates as part of their ongoing fixed property costs. For this reason, the Council we will accept applications from businesses who find themselves in this situation, such as those occupying a small part of a large office premises with an overall rateable value in excess of £51,000.

5.4 In **all** cases, businesses applying for a grant under this scheme will be required to provide evidence as part of their application that they meet the above criteria.

- This will include your signed lease/mortgage agreement and a breakdown of costs;
- Evidence to demonstrate a substantial loss in income. This will be in the form of filed accounts for previous years and management accounts/bank statements for the current period and previous trading period;
- Evidence of complying with the definition of a Small or Micro Business, including the number of staff you employ in the form of payroll or personnel records;
- For all businesses including the self-employed or sole trader the following are examples of the evidence that will be acceptable;
  - proof of registration for tax and national insurance (NI) purposes with HMRC such as a letter of self-employed status/unique tax reference number or a letter confirming payment of tax and NI contributions/class;

- HMRC tax return invoices for work done;
- an accountant's letter confirming the activity of the business and the profits achieved;
  - leases on business premises (where applicable); (or rent for part occupation)
- PL insurance, Utility Bill(s)
- advertisements and publicity material (website etc.) for the business;
- business bank statements and/or personal bank statements to show the receipt of the income of the business
- VAT registration number if applicable
- Business rates account
- Evidence that the business was regularly undertaken over a period of time
- Food Business Registration Number (if applicable)
- Confirmation that you are not eligible for or in receipt of a grant from the schemes listed above
- Confirmation of State Aid Compliance

## 6. National priority businesses

6.1 The Government has asked all local councils to prioritise support to the following businesses under the Discretionary Grants Scheme.

- **Small businesses in shared offices or other flexible workspaces.**  
Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- **Regular market traders with fixed building costs**, such as rent, who do not have their own business rates assessment;
- **Bed & Breakfasts** which pay Council Tax instead of business rates;
- **Charity properties in receipt of charitable business rates relief** which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

6.2 Due to the anticipated high level of demand for this scheme, and due to the limited amount of funds that are available, the Council will only accept applications from the national priority businesses outlined above in the first instance.

6.3 If there are any residual funds available from the Council's overall allocation after all of the national priority businesses have been assessed, a second application window will be opened and other local priority businesses will be identified and invited to make an application for a Discretionary Grant.

6.4 In all cases, businesses applying for a grant under this scheme **must** satisfy the eligibility criteria set out in sections 4 and 5 above.



## 7. Amount of individual grants that businesses will receive

- 7.1 Warwick District Council have been awarded a total of £1,738,000 for this Discretionary Grant Scheme.
- 7.2 The Government guidance states that councils can disburse grants to the value of £25,000, £10,000 or any amount under £10,000.
- 7.3 This means that the Council has discretion to award a grant of **either** £25,000 (the maximum capped amount) **or** £10,000 **or** any other amount it deems appropriate **under** £10,000.
- 7.4 The Government guidance states that payments of under £10,000 may be appropriate in many cases.
- 7.5 The following table illustrates the amount of grant that will be made to eligible businesses, having regard to the assessment criteria and priorities set out above, and the size of the organisation up to the limit of 50 FTE employees as set out in the Government Guidance.

	Number of employees (full time equivalent)	Level of grant
Level 1	1-2	£3,000
Level 2	3-9	£5,000
Level 3	10-29	£7,000
Level 4	30-49	£10,000

- 7.6 Although the Council **may** disburse a grant of £25,000, it has been decided that no grants of that level will be made under this scheme. This is to ensure that many more businesses can benefit from a grant, given the limited fund available. The maximum grant that will be awarded under this scheme has therefore been capped at £10,000

## 8. Application Process

- 8.1 Applications for a grant under this Discretionary Grant Scheme will be accepted via an online form.
- 8.2 As the number of applicants to this fund is likely to be excessively high, following the launch of the scheme Warwick District Council will introduce a 10-day application window for the national priority businesses described above in section 6 above.

- 8.3 This is designed to ensure that all applications received during the application window will be assessed and an award made based on the above priority criteria, subject to the level of funding being available, thus avoiding a ‘first come, first served’ scenario.
- 8.3 If there are funds still available after all of the applications received in the first application window have been assessed, a further application window will be announced.
- 8.4 It is the intention of Warwick District Council to avoid undue burden and complexity on businesses in respect of the application process.
- 8.5 Whilst avoiding undue complexity, and burden on applicants, appropriate evidence will be necessary in support of an application to demonstrate the eligibility criteria outlined in this policy is met and to assist the Council in making an informed decision on the award of a grant.
- 8.6 The on-line application form will identify the evidence requirements in line with those set out above in section 5.
- 8.7 The decision of the Council in respect of the award of or refusal of a grant will be final. There will be no appeal process.

## 9. State Aid

- 9.1 The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. Therefore, the Council must be satisfied that State aid requirements are met before grants can be paid out to individual applicants.
- 9.2 As per the guidance from the Government, grants of up to £10,000 can be provided under the De Minimis rules, meaning applicants can receive up to €200,000 of aid within a three-year period. Given that the Council is capping individual grants at this level, all grants for this scheme will be paid out under these rules.
- 9.3 It is a requirement, therefore, that applicants have not received funding or other aid up to, or in excess of, the equivalent of €200,000 from any other sources within the current financial year or the previous two financial years. Where an applicant is below but close to that threshold, the grant award will be set at such an amount as to ensure that the applicant does not exceed this threshold.
- 9.4 As part of the application process, all applicants will be asked to confirm any De Minimis aid already received by the applicant, including the amount of De Minimis aid, the date of that aid, the organisation that provided the aid and the nature of the aid itself. In addition, prior to the award of the grant, the applicant will be required to complete a state aid declaration in the form as set

out at [Appendix A] to confirm that the proposed grant would not contravene state aid rules.

## 10 Tax

- 10.1 As prescribed for in the guidance provided to Warwick District Council by the Government, grant income received by a business is taxable therefore any grant paid under the Local Authority Discretionary Grant Fund will be subject to tax.
- 10.2 Only businesses which make an overall profit once grant income is included will be subject to tax.

## 11 Managing the risk of fraud

- 11.1 Warwick District Council will not tolerate any acts of fraud in relation to its Discretionary Grant Scheme. Any persons found to be submitting a fraudulent claim by, for example, falsifying records will be reported to the police for criminal investigation and face prosecution. Robust action will be taken to recover any monies paid in respect of the fraudulent claim.
- 11.2 The Council will undertake comprehensive checks to ensure that grants are paid only in respect of genuine applications.
- 11.3 The Council reserves the right to reclaim any grant that has been paid in error or as a result of a fraudulent claim.

Appendix A

Dear [ ]

The value of the grant payment to be provided to [name of undertaking] by Warwick District Council is £ [ ] (equivalent of Euros [ ]).

This award shall comply with the EU law on State aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of de minimis aid within the current financial year or the previous two financial years). The de minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013) can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

Amount of de minimis aid	Date of aid	Organisation providing aid	Nature of aid

I confirm that:

- 1) I am authorised to sign on behalf of \_\_\_\_\_[name of undertaking];  
and
- 2) \_\_\_\_\_[name of undertaking] shall not exceed its De minimis threshold by accepting this grant payment.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

I confirm that I wish to accept the grant payment in relation to the above premises.

DATE: